

## Message Text

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P 212340Z APR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY MOSCOW PRIORITY

C O N F I D E N T I A L STATE 090604

FOR MATLOCK FROM GARRISON

E.O. 11652: GDS

TAGS: OGEN

SUBJECT: OFFICIAL-INFORMAL

1. FEAR OUR EAGERNESS TO FIND A REASON TO DELAY THE  
INEVITABLE EXERCISE ON INSPECTION COMPLIANCE CAUSED US  
NOT TO READ BEYOND THE COVERING LETTER OF THE APRIL 4  
LETTER. WE DID, INDEED, HAVE THE LENINGRAD PAGE IN  
BETWEEN PPO AND GSO.

2. WE UNDERSTAND AN ANNOUNCEMENT OF THE GOOD NEWS IS  
IMMINENT BUT THAT'S AS PRECISE AS OUR SOURCE CAN BE.

3. RE THE PPO BIT. BOB HAS TALKED TO TUA WHO PREFERS  
PPO BUT IS READY TO DO WHATEVER HE IS TOLD. WE UNDER-  
STAND YOUR POSITION ON INTERNAL TRANSFERS AND HAVE  
CONVEYED IT TO PER. WHAT IS AT STAKE IS THEIR RIGHT  
TO MAKE ASSIGNMENTS, AND A WAY OUT SHORT OF GOING TO  
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THE MAT WITH THEM WOULD BE TO COME BACK WITH A TELEGRAM  
SAYING THAT BECAUSE AFTER A YEAR ON THE JOB IT IS CLEAR  
THAT X WOULD DO A BETTER JOB THAN Y EMBASSY WANTS TO  
SWITCH. THUS STROKED, THE SYSTEM WILL RESPOND. OTHERWISE  
YOU CAN ELEVATE THE ISSUE TO A MATTER OF PRINCIPLE AND  
WE WILL SUPPORT YOU--BUT IF MOOSE'S NOTE TO THE DG IS

ANY INDICATION YOU MAY LOSE. PROBLEM LARGELY CENTERS AROUND PPO, WHICH PER CONTINUES TO PROGRAM AS A ONE YEAR TOUR, PROJECTING AN ONWARD ASSIGNMENT TO POL. THIS IS PRESUMABLY WHY PEOPLE FIGHT FOR IT.

4. FOR JERRY SNYDER FROM WILKINSON AND LEVITSKY: WE HAVE SEEN YOUR LETTER OF APRIL 14 AND HAYDEN RUSSELL'S OF MARCH 4 RE PAYMENT OF HIS WIFE'S TRANSPORTATION TO MOSCOW. OUR RECOLLECTION IS THAT THE BOARAT THE TIME UNDERSTOOD RUSSELL'S WIFE'S TRANSPORTATION WOULD BE PAID AND HER TICKET TO MOSCOW WAS PAID BY THE SCHOOL AND SENT TO RUSSELL. WE KNEW THAT RUSSELL WOULD BRING HIS WIFE AND EXPECTED TO PAY HER TICKET. WE RECOGNIZE THAT THERE MAY BE OTHER CONSIDERATIONS INVOLVED IN THE SCHOOL'S REFUSAL TO PAY FOR HER TRANSPORTATION, BUT WANTED TO LET YOU KNOW WHAT WE REMEMBER ABOUT THE MATTER.

5. MARITIME--THIRD FLAG LEGISLATION. THERE IS NO THIRD FLAG LEGISLATION NOW BEFORE THE CONGRESS. WHILE THERE IS SOME RESTLESSNESS ON THE HILL OVER THE FAILURE OF THE SOVIETS TO MOVE QUICKLY TO IMPLEMENT THE UNDERSTANDING WITH BAKKE OF LAST SUMMER, WE SEE NO EVIDENCE OF ANY IMMINENT PLANS TO PROPOSE A NEW THIRD-FLAG BILL. EB SHARES THIS ASSESSMENT.

5. WE HOPE TO PROVIDE THE CIVAIR INFO THAT YOU REQUESTED IN MOSCOW 5128 SHORTLY. PRELIMINARY INVESTIGATION INDICATES AEROFLOT DOES NOT PLAN TO OPERATE ANY CHARTERS  
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THROUGH JUNE. SOVIET INTERPRETATION OF THE "STATUS QUO" (MOSCOW 4895) IS INTERESTING, ALBEIT DISINGENIOUS, POSITION. WE HAVE MADE IT CLEAR TO THEM ON SEVERAL OCCASIONS SINCE OCTOBER THAT "STATUS QUO" MEANS TWO FREQUENCIES A WEEK. IF SOVIETS APPROVE ANY OTHER CHARTER APPLICATIONS BY US AIRLINES, THEY MAY CLAIM TO HAVE FULFILLED THEIR PART OF THE 1973 BARGAIN AND ASK FOR FOUR FREQUENCIES. THIS, OF COURSE, WOULD BE UNACCEPTABLE, PER OUR APRIL 4 NOTE. ESSENTIAL US OBJECTIVE IS TO GET APPROVAL FOR CHARTERS THROUGH MAY, WHICH WOULD TAKE CARE OF PAN AM'S CURRENT PROGRAM. IF SOVIETS TURN DOWN CHARTERS BEFORE THE END OF MAY, WE WOULD RETALIATE. SHOULD A REQUEST BE MADE--AND DISAPPROVED--AFTER MAY, ON THE OTHER HAND, WE WOULD BE LESS INCLINED TO REDUCE AEROFLOT FREQUENCIES IN RETALIATION. WE HOPE BY THEN WE WILL HAVE RESUMED WORK TOWARD A NEW SATISFACTORY OVERALL AGREEMENT.

6. RE PARA 4 MOSCOW 5473: NO INDICATION YET.

7. RE MOSCOW 5379, PARA 2.

THE EAST-WEST TRADE COUNCIL WAS FORMED IN 1972 BY MAX BERRY, A WASHINGTON LAWYER. IT'S ESSENTIALLY A LOBBYING ORGANIZATION; HAS SEVERAL HUNDRED MEMBER FIRMS; PUTS OUT A NEWSLETTER (WOULD THE EMBASSY LIKE A SUBSCRIPTION?); AND ORGANIZES PERIODIC WORKSHOPS AND SEMINARS. UNLIKE THE TRADE AND ECONOMIC COUNCIL, IT DOES NOT HAVE A MIXED SOVIET-AMERICAN STAFF (IN FACT, IT SEEMS TO BE A ONE-MAN OPERATION), AND IT PERFORMS NO BUSINESS FACILITATION FUNCTIONS.

THE CONFERENCE ON APRIL 5 WAS A GENERAL DISCUSSION OF THE PROSPECTS FOR US-SOVIET TRADE. AMONG THE SPEAKERS WERE BILL EDGAR, JIM MURRIN OF COMMERCE, SOVIET DEPUTY TRADE REP KRUGLOV, R. J. MCMENAMIN OF INTERNATIONAL HARVESTER, AND A VICE PRESIDENT OF THE TRADE AND ECONOMIC COUNCIL. WE WILL POUCH THE ISSUE OF THE NEWSLETTER THAT COVERS THE CONFIDENTIAL

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CONFERENCE SO YOU WILL HAVE THE FLAVOR OF WHAT WAS SAID. MEANWHILE, COULD YOU POUCH TO BILL COPIES OF THE TASS ITEMS?

8. FOR THE AMBASSADOR: FLETCHER SCHOD HAS ASKED IF YOU WILL BE ABLE TO ACCEPT DEAN GULLION'S INVITATION TO SPEAK AT THE SCHOOL'S GRADUATION ACTIVITIES IN MAY. FLETCHER UNDERSTANDS THAT YOU HAVE ACCEPTED TUFTS' OFFER OF AN HONORARY DEGREE AND WILL BE PRESENT FOR THE TUFTS OBSERVANCES.  
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